

Foundation Growth and Giving Estimates

By Steven Lawrence, Director of Research

OVERVIEW OF FOUNDATION GIVING THROUGH 2011

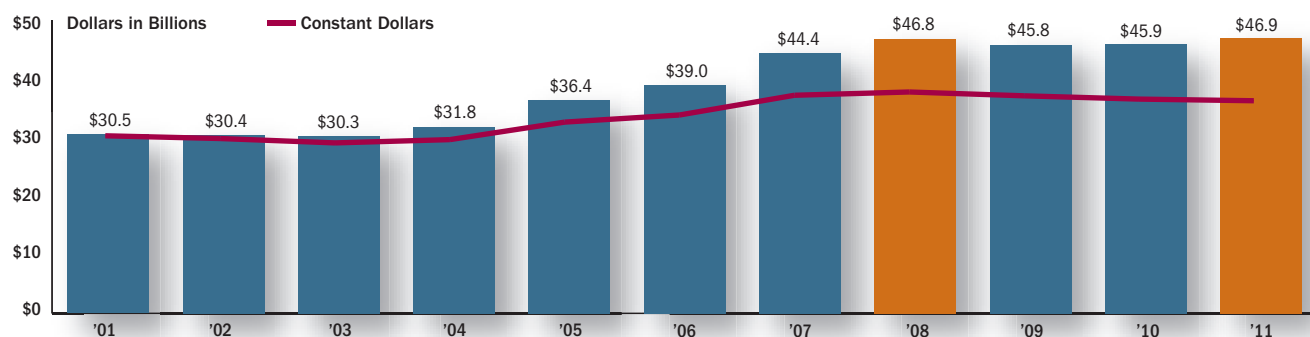
Growth in Foundation Giving Fails to Keep Pace With Inflation

U.S. foundations posted a modest increase in giving in 2011, and overall funding surpassed the previous peak recorded in 2008. Estimated giving by the nation's more than 76,600 foundations totaled \$46.9 billion last year, up 2.2 percent. This followed a nearly unchanged level of giving in 2010 and a more than 2 percent decline in 2009. Nonetheless, after accounting for inflation, foundation giving was down slightly from the prior year. If the Bill & Melinda Gates Foundation—the country's largest grantmaker by far—were excluded from the totals, 2011 giving would have been flat before taking inflation into account and down by roughly 3 percent after inflation.

Reflecting continued volatility in the economic environment in 2011, more than one-third of respondents to the Foundation Center's "Foundation Giving Forecast Survey" indicated that they had reduced their giving last year. While U.S. foundations regained more than 9 percent of their asset value in 2010, wild swings in the market in 2011 left foundations with a marginal 0.3 percent asset increase to an estimated \$646.1 billion.

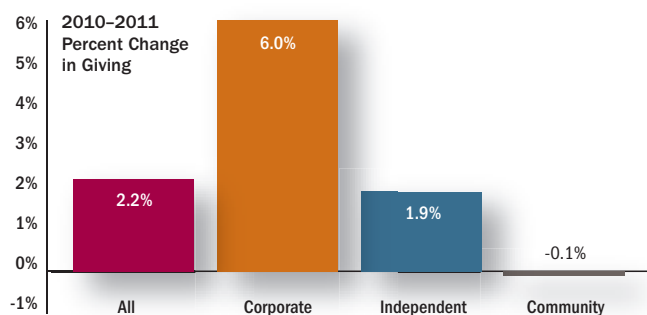
Throughout the year, the market was battered by factors such as the ongoing European debt crisis, the economic fallout from the Japan earthquake and tsunami, rising oil prices resulting from unrest in the Middle East, brinksmanship in the U.S. Congress over raising the debt ceiling, continuing weakness in the country's housing market, and fears of a double-dip recession. As a result, foundation assets remained well below the record \$682.2 billion recorded in 2007.

After inflation, 2008 remains peak year for foundation giving



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2012. All figures based on unadjusted dollars. Figures estimated for 2011.

Corporate foundation giving grew fastest in 2011



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2012. All figures based on unadjusted dollars. Based on actual giving for 2010 and estimated giving for 2011.

About the “Foundation Giving Forecast Survey”

In January 2012, the Foundation Center mailed its annual giving forecast survey to approximately 5,000 large and mid-size U.S. independent, corporate, and community foundations. The survey included questions on foundations’ giving and assets in 2011 and directions for giving in 2012 and 2013. A total of 1,077 foundations provided estimates of their giving and/or assets. This represented nearly 22 percent of surveyed foundations overall and close to two-fifths (38 percent) of surveyed foundations with giving of \$25 million or more. Giving and asset estimates were based on these figures combined with prior year-end fiscals for the universe of grantmaking foundations and estimates of the resources provided by newly established foundations.

Some foundations also continued to recalibrate their giving after increasing their payout rate (i.e., the amount they distribute for charitable purposes as a share of their assets) during the depths of the economic crisis. This helped them to maintain funding levels or limit reductions in giving in the face of dramatically reduced assets. While the assets of these foundations may have recovered to some degree from their 2008 losses, returning to more typical payout levels means that overall grant dollars awarded by these foundations may remain fairly flat.

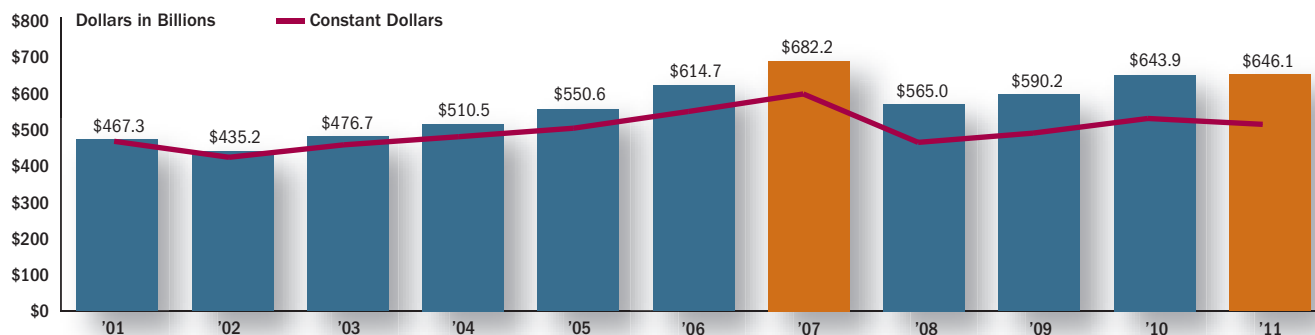
OUTLOOK FOR FOUNDATION GIVING IN 2012 AND BEYOND

Foundation Center Predicts Weak Growth in Giving for Near Future

The poor overall market performance in 2011 and the slow and unsteady nature of the economic recovery mean that foundation giving is unlikely to gain much momentum this year. According to the Foundation Center’s latest “Foundation Giving Forecast Survey,” giving by U.S. foundations should grow between 1 and 3 percent in 2012. With inflation averaging just under 3 percent, this suggests that foundation giving will likely remain unchanged at best based on real purchasing power.

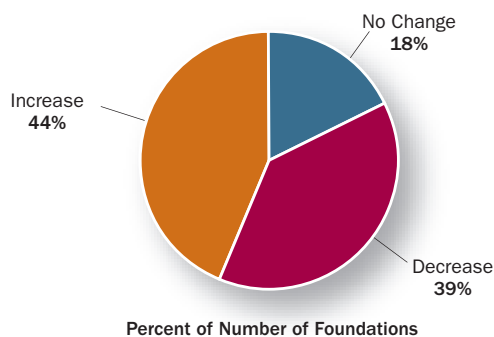
Despite this less than ideal outlook, a majority of respondents expect to either increase (44 percent) or maintain (18 percent) their giving in 2012. The largest U.S. foundations—those giving \$10 million

Foundation assets were almost unchanged in 2011 and remain below 2007 peak



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2012. All figures based on unadjusted dollars. Figures estimated for 2011.

Anticipated Changes in 2012 Foundation Giving



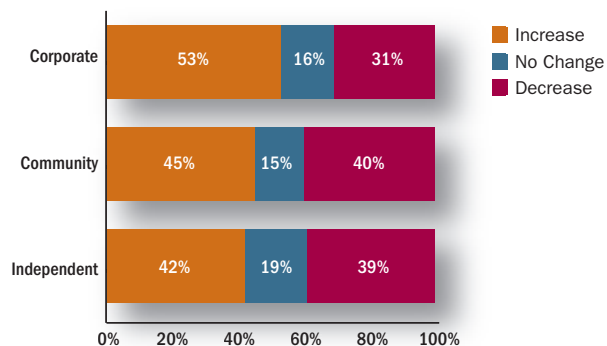
Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2012. A total of 1,077 foundations responded to this question. Due to rounding, figures total more than 100 percent.

or more (which account for close to 60 percent of total foundation giving)—are most likely to anticipate increased giving, with just over half (54 percent) predicting growth in their funding this year. By foundation type, corporate foundations are most likely to predict a higher level of giving. Nonetheless, close to two out of five respondents expect to reduce their giving in 2012. By comparison, in more prosperous periods, roughly a quarter to a third of funders might anticipate a reduction in their giving.

For 2013, it appears likely that foundation giving will continue to show consistent, albeit very modest growth. Most respondents (54 percent) expect to keep their giving steady next year, and 19 percent anticipate raising their support. However, 9 percent of respondents anticipate reducing their funding. (The remaining 14 percent do not know at this point.)

The uncertain nature of the current economic and political environment both in the United States and globally suggests taking a cautious approach to forecasting foundation growth over the next couple of years. Continuing conflict among European leaders over how to address their debt crisis, a U.S. economy that may be stalling, uneven employment growth, and unforeseen crises may once again lead to sluggish market performance. However, should the economy maintain a more consistent performance this year, foundations may be in a position to raise their 2012 and 2013 giving beyond what they expected at the start of this year.

Corporate foundations were most likely to predict increased giving in 2012

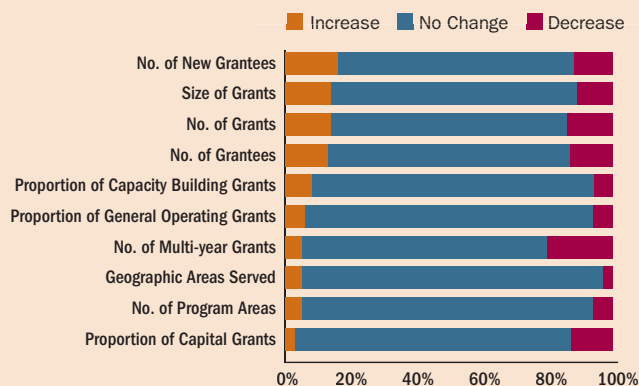


Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2012. A total of 990 foundations responded to this question.

GRANTMAKING STRATEGIES Multi-year and Capital Grants Unlikely to Rebound in 2012

Grantmakers anticipate continued stability in their grantmaking strategies for the most part in 2012. According to the Foundation Center's most recent "Foundation Giving Forecast Survey," roughly nine out of 10 foundations expect to make no changes in the number of program areas they fund and geographic areas they serve. Across most strategies, the vast majority of grantmakers anticipate making no changes, and the shares that expect to increase support are roughly balanced out by the shares that anticipate decreases. Only in the cases of number of multi-year grants that foundations expect to award and proportion of capital grants do notably larger shares of funders anticipate reducing support. This clearly reflects continued economic volatility, which has left many foundations cautious about making major long-term commitments.

Changes in Foundation Grantmaking Strategies, 2012



Source: The Foundation Center, *Foundation Growth and Giving Estimates*, 2012.

Grants Paid vs. Grants Awarded

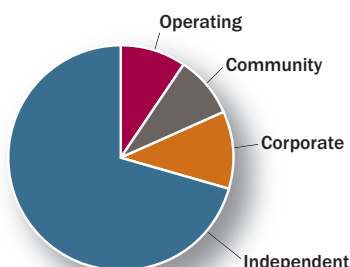
Giving figures presented in this report are based on grants paid by foundations in their latest fiscal year. This provides a comprehensive measure of U.S. foundation dollars “reaching the ground” in a given year. The limitation of this measure is that it does not capture the full value at one point in time of multi-year commitments made by

foundations. Conversely, a foundation may be paying out on a substantial multi-year commitment made at an earlier point in time, while its new grant awards total much less. Thus, depending on the time period being examined, a foundation’s grant payments may appear to over- or under-count its current commitments.

All Foundations

\$46.9 billion
Estimated giving by
all foundations in 2011

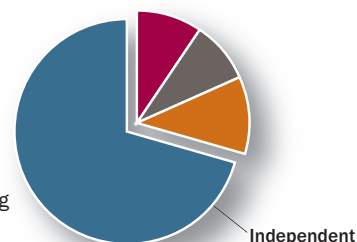
2.2 percent
Estimated change
in giving between
2010 and 2011



Independent Foundations

\$33.1 billion
Estimated giving by
independent foundations
in 2011

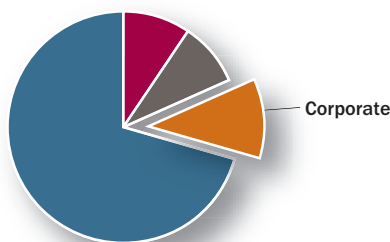
1.9 percent
Estimated change in
independent foundation giving
between 2010 and 2011



Corporate Foundations

\$5.2 billion
Estimated giving by
corporate foundations
in 2011

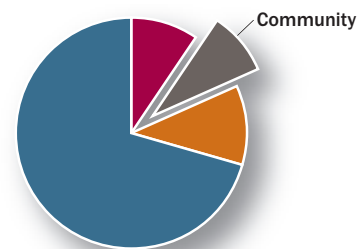
6.0 percent
Estimated change in
corporate foundation giving
between 2010 and 2011



Community Foundations

\$4.2 billion
Estimated giving by
community foundations
in 2011

-0.1 percent
Estimated change in
community foundation giving
between 2010 and 2011



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Foundation Growth and Giving Estimates is available at foundationcenter.org/gainknowledge/research/nationaltrends.html.